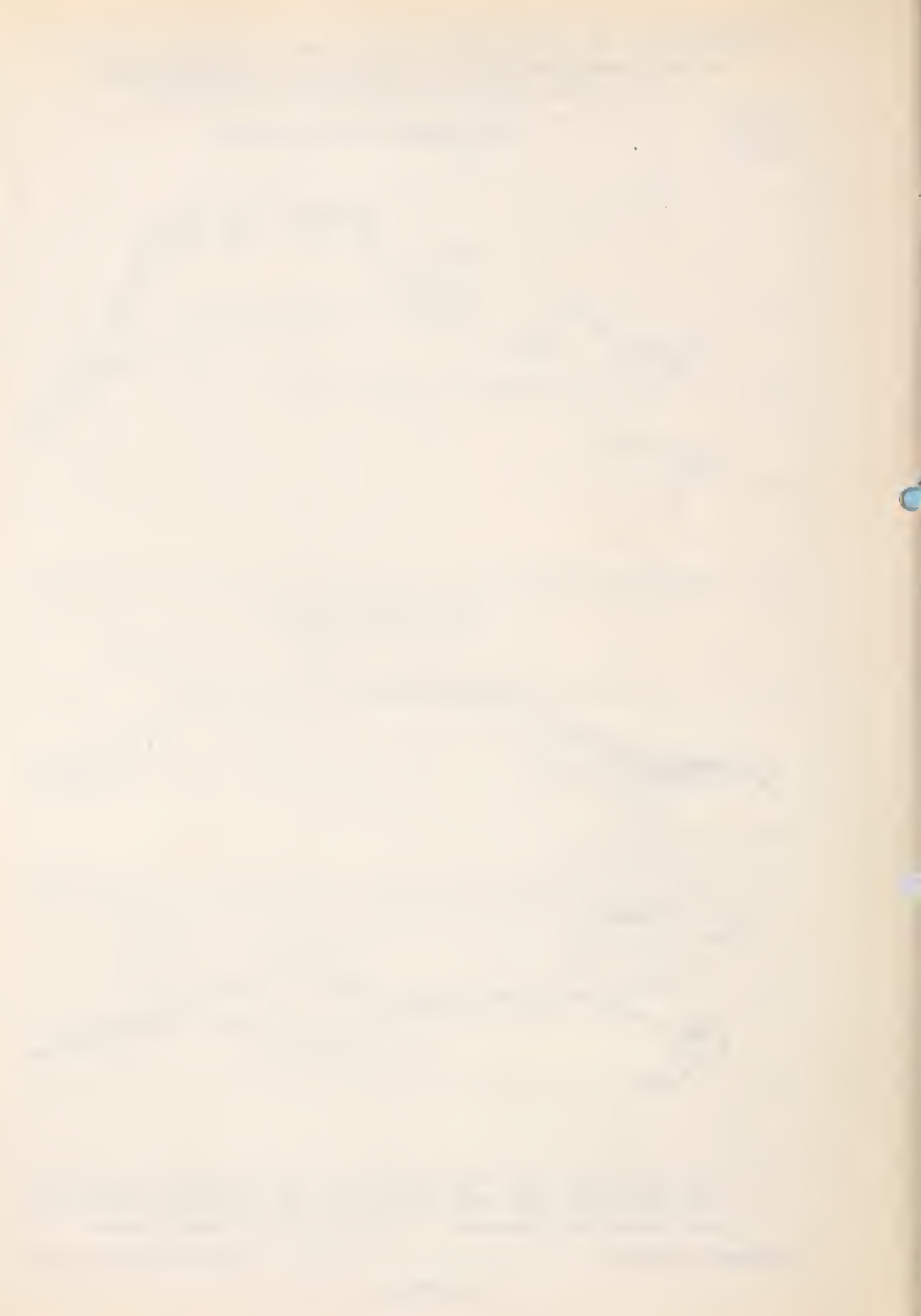


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UNITED STATES DEPARTMENT OF AGRICULTURE  
Bureau of Agricultural Economics  
Washington

BCS-15

March 19, 1938

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T H E B E E F C A T T L E S I T U A T I O N  
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Summary

Cattle prices are expected to remain relatively stable near present levels during the next several months, the Bureau of Agricultural Economics states.

Although slaughter supplies of the better grades of cattle are expected to increase seasonally during the spring months, any further declines in prices of such cattle are not likely to be very great in view of the unusually sharp drop that occurred from October through January. During the late summer and fall months, some seasonal improvement in prices of the better grades may take place, but this improvement may not be marked unless there is a considerable upturn in industrial activity and employment.

Although prices of the lower grades of cattle usually rise in the spring season, little advance seems probable for this spring because of the present narrow spread between prices of the better and lower grades of cattle. During the summer and fall months, prices of the lower grades of slaughter cattle usually decline seasonally. But slaughter supplies of cows and heifers in that period may increase less than usual this year as a result of restocking in areas where cattle numbers have been reduced by drought in recent years. Hence, the decline in prices of the lower grades of slaughter cattle during the summer and fall may not be pronounced, although the demand for feeder cattle next fall may be adversely affected by losses sustained in feeding operations this winter.

The number of cattle on farms January 1, 1938, was the smallest since the peak reached in 1934, and, although considerably larger than in 1928, probably represents the low point in the current cattle number cycle. With feed supplies per animal unit the largest in several years, some increase in cattle numbers is likely to occur during 1938.

#### REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- In October 1937, prices of choice and prime grade steers at Chicago, averaging \$17.77 per 100 pounds, were the highest for all months in the 16 years of record. The spread between prices of choice and prime and of common grade beef steers also was the widest on record, chiefly because of the marked shortage of well-finished grain-fed cattle. From late October through January, however, prices of the better grade steers declined about \$9, or 50 percent. Prices of the lower grades of slaughter cattle also declined during most of this period, but less sharply. The decline in prices of the better grades of cattle resulted from a number of factors, among which were: (1) A slight increase in supplies of such cattle; (2) weakness in consumer demand for meats; and (3) a sharp decline in hide prices.

#### Cattle prices advance moderately in February

Prices of choice and prime grade slaughter steers at Chicago advanced moderately during the last 3 weeks of February and in early March. Some rise in prices of good and medium grade steers and most grades of slaughter heifers also occurred. Prices of common grade steers and practically all grades of slaughter cows held steady during most of February, but advanced slightly in early March.

For the week ended March 12, the average price of choice and prime grade slaughter steers at Chicago of \$9.46 per 100 pounds was about \$4.50 lower than a year earlier. Prices of common grade steers and of most grades of slaughter cows, on the other hand, were only slightly lower than those of a year ago. The spread between prices of the best and lowest grades of slaughter steers at Chicago in early March was about \$2.60, much narrower than usual for that period.

Prices of stocker and feeder steers at Kansas City also advanced in late February and early March. In the second week of March, prices of such cattle averaged about as high as those of a year earlier.

Prices of veal calves, in contrast to those for slaughter steers and heifers, remained relatively strong from November through February, chiefly because of the rather marked seasonal reduction in slaughter supplies during most of that period. With increased supplies since late February, however, prices of veal calves at Chicago have declined, and in mid-March were not greatly different from those in mid-March last year.

#### Slaughter supplies reduced seasonally

Slaughter supplies of both cattle and calves were seasonally smaller in February than in January. Compared with a year earlier, however, the number of cattle slaughtered under Federal inspection in February, 716,000 head, was 1 percent larger. Inspected calf slaughter in February, on the other hand, totaled 398,000 head, which was 9 percent smaller than the relatively large slaughter during February last year.

Market supplies of short-fed steers continued fairly large in February, and the number of good to choice offerings showed some increase from the low levels of the fall and early winter months. Marketings of slaughter cows, however, were reduced further from the seasonal peak of last October.

#### Cattle numbers reduced in 1937

The estimated number of cattle and calves on farms January 1, 1938, totaled 65,930,000 head. This was about 518,000 head fewer than on farms at the first of last year, and was more than 8 million head fewer than on January 1, 1934, when cattle numbers in this country were the largest on record. The cattle population at the beginning of this year, however, was more than 8 million head larger than on January 1, 1928 - the previous low point in the cattle number cycle.

Most of the reduction in the number of cattle on farms since 1934 has occurred in the area west of the Mississippi River, where the effects of drought in 1934 and 1936 were most severe. Drought also occurred in limited sections of the Western Great Plains area in 1937. Since January 1, 1934, cattle numbers in the area east of the Mississippi River have decreased less than 2 percent, compared with a reduction of more than 16 percent in the area west of the River.

During 1937, the number of cattle other than milk cows on farms decreased about 429,000 head, or 1 percent. The number of cows and heifers 2 years old and over kept for milk decreased about 89,000 head, or 0.4 percent.



All cattle: Estimated number on farms January 1, and proportion west of Mississippi River, 1928 and 1934-38

Year	Total United States	East of Mississippi River	West of Mississippi River	Proportion west of Mississippi River
	Thousands	Thousands	Thousands	Percent
1928.....	57,322	20,965	36,357	63.4
1934.....	74,262	25,543	48,719	65.6
1935.....	68,529	25,339	43,190	63.0
1936.....	67,929	25,284	42,645	62.8
1937.....	66,448	25,038	41,410	62.3
1938 <u>1/</u> .....	65,930	25,142	40,788	61.9

1/ Preliminary.

Although the cattle population declined in 17 States during 1937, it remained about unchanged in 5 States, and increased slightly in 26 States. The sharpest reductions in numbers occurred in Nebraska, Kansas, Oklahoma, and Texas. Slight reductions apparently also occurred in some of the Western States, in Ohio, Indiana, and Tennessee, and in a few of the South Atlantic States. Increases took place, however, in most of the North Atlantic and North Central States, as well as in other regions. The most pronounced increases occurred in Minnesota and Iowa, where the increases apparently were somewhat greater for beef cattle than for dairy stock.

Present conditions indicate that the number of cattle on farms January 1, 1939, probably will be somewhat larger than the number on farms at the beginning of this year. With feed supplies per animal unit on farms now the largest in several years, except in limited sections of the Great Plains, some restocking probably will be done in those areas in which cattle numbers have been reduced by drought since 1934.

## OUTLOOK

In the February issue of this report the following indications were given with respect to slaughter supplies of cattle in 1938:

1. Slaughter supplies of cows, heifers, and calves in 1938 probably will be smaller than in 1937, but steer slaughter is likely to be somewhat larger than the relatively small slaughter of last year.

2. Average weights of cattle slaughtered in 1938 will be considerably heavier than those of a year ago, when feed supplies were short.

3. The number of well-finished grain-fed cattle marketed during the summer and fall months this year will be much larger than a year ago, although not unusually large in comparison with marketings of such cattle in other recent years following normal corn crops.

No marked change in cattle prices indicated

The outlook for supplies and prices of slaughter cattle during the remainder of 1938 has not changed materially in the past month. With the number of cattle on feed in the Corn Belt States on January 1 about 15 percent larger than a year earlier, and supplies of feed grains per animal unit the largest in several years, market supplies of the better grades of slaughter cattle are likely to increase rather sharply during the spring months. Ordinarily, such an increase in supplies would be accompanied by weakness in prices of the better grades of cattle. In view of the marked decline in prices of such cattle from October through January, however, it is possible that much of the downward adjustment in prices of the better grades already has occurred.

Although prices of the lower grades of steers and of slaughter cows usually advance during the early spring, little advance appears likely for that period this year because of the present narrow spread between prices of the better and lower grades of cattle. On the other hand, market supplies of cows and heifers are expected to continue seasonally small during most of the spring; this will tend to limit any decrease in prices of such cattle that might occur during that period.

Some seasonal advance in prices of the better grades of slaughter cattle may occur in the late summer and fall months, but the advance at that time is not likely to be pronounced unless there is a considerable upturn in industrial activity and employment. Prices of the lower grades of cattle usually decline seasonally, with increased supplies, during the summer and fall. If feed crop and pasture conditions are about normal this year, however, the seasonal increase in slaughter supplies of cows and heifers at that time may be less than average as a result of the tendency to restock cattle herds. Hence, the decline in prices of the lower grades of slaughter cattle during the summer and fall months may not be very pronounced this year, although the demand for feeder cattle next fall may be adversely affected by losses sustained in feeding operations this winter.

#### Feeding prospects uncertain

The spread between prices of slaughter cattle and stocker and feeder cattle in early March was unusually narrow. Prices of good grade slaughter steers at Chicago for the week ended March 12 averaged about \$3.60 per 100 pounds. Prices of stocker and feeder steers, all weights, at Kansas City averaged nearly \$7.75 during the same period. With seasonally small supplies of the lower grades of slaughter cattle available, and a fairly strong demand for replacement stock, prices of stocker and feeder cattle during the spring months probably will continue to be high in relation to prices of the better grades of slaughter cattle.

In the late summer and early fall, prices of the better grade slaughter steers may be somewhat higher, seasonally, than in the late spring; the extent of the price improvement, of course, will depend in large measure on changes in general business conditions. If a material upturn in industrial activity and employment occurs, prices of well-finished slaughter steers may advance fairly sharply in the late summer and fall months. On the other hand, if general business activity turns downward, the seasonal advance in prices of such cattle is not likely to be very great. In each of the years from 1930 through 1933, however, when general business activity was declining, some upturn in prices of the better grades of slaughter cattle occurred during the summer or early fall months. Hence, it is likely that some seasonal improvement will occur in prices of such cattle this year, even though business activity does not improve.



Price per 100 pounds of cattle and calves, February 1938, with comparisons

Item	: Feb. : average : 1924-33	: Feb. : 1936	: Feb. : 1937	: Dec. : 1937	: Jan. : 1938	: Feb. : 1938
	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars
Beef steers sold out of first hands at Chicago:						
Choice and Prime .....	11.50	11.36	13.50	12.30	9.87	8.87
Good .....	10.29	9.47	10.90	9.69	8.29	7.91
Medium .....	9.00	7.78	8.70	7.90	7.22	7.17
Common .....	7.70	6.52	7.10	6.73	6.41	6.35
All grades .....	9.41	8.37	10.22	8.96	8.13	7.78
Cows, Chicago:						
Good .....	<u>1/</u> 6.50	6.22	6.47	6.50	6.33	6.17
Low cutter and cutter....	<u>2/</u> 4.04	4.51	4.09	4.36	4.57	4.45
Vealers, Chicago:						
Good and Choice .....	11.30	10.64	9.42	10.10	10.63	10.29
Stocker and feeder steers, Kansas City:						
500-800 pounds,						
Good and Choice .....	<u>3/</u>	7.28	7.25	7.06	7.12	7.14
800-1,050 pounds,						
Good and Choice.....	<u>3/</u>	7.18	7.38	7.11	6.94	6.90
Average price paid by packers: :						
Cattle .....	7.39	6.47	7.23	6.29	6.40	
Calves .....	9.65	7.73	7.68	7.12	7.38	
Average wholesale price of packer hides, Chicago: <u>4/</u> :						
Heavy native steers .....	13.36	14.05	15.94	14.38	13.81	11.88
Light native cows .....	12.08	10.65	13.94	10.81	10.31	8.72

1/ Good and Choice, 1924-27.

2/ Canner and cutter, 1924 - June 1926.

3/ Not available.

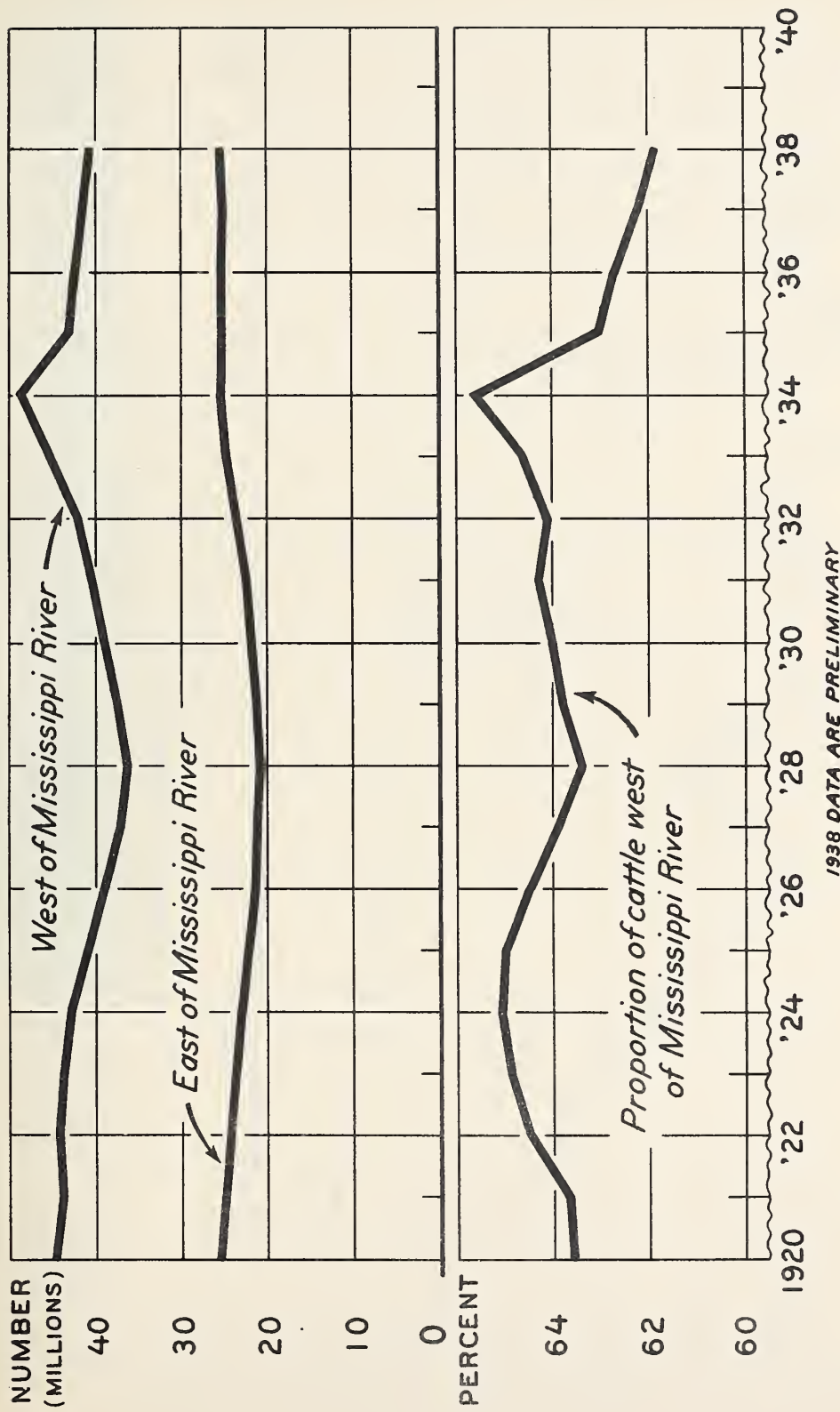
4/ 1924-36, from annual reports of the Chicago Board of Trade; 1937 and 1938 from the National Provisioner, simple average of weekly quotations.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year		Month		
		Average: 1924-33:	1937	Feb. 1937	Jan. 1938	Feb. 1938
<b>Slaughter under Federal inspection:-</b>						
Number slaughtered: <u>1/</u>	Thou-					
Cattle .....	sands	8,850	10,070	708	830	716
Calves .....	do.	4,819	6,281	437	420	398
<b>Beef steers sold out of first hands:</b>						
at Chicago:						
Choice and Prime .....	do.	159	133	9	8	11
Good .....	do.	471	343	20	46	32
Medium .....	do.	416	190	25	21	24
Common .....	do.	105	61	6	5	5
All grades <u>2/</u> .....	do.	1,151	727	60	80	72
<b>Receipts of cattle at seven</b>						
markets <u>3/</u> .....	do.	4,804	7,691	453	611	474
		Year		Month		
		Average:		Jan.	Dec.	Jan.
		1924-33:	1937	1937	1937	1938
<b>Slaughter under Federal inspection:-</b>						
Number slaughtered:	Thou-					
Cows and heifers.....	sands	4,181	5,626	470	501	445
Steers .....	do.	4,340	4,037	366	332	362
<b>Average live weight:</b>						
Cattle .....	Pound	953	899	916	915	921
Calves .....	do.	176	189	196	196	190
<b>Average dressed weight:</b>						
Cattle .....	do.	516	470	483	476	492
Calves .....	do.	101	108	111	111	110
<b>Total dressed weight:</b>						
Cattle .....	Mil.lb.	4,532	4,699	416	407	406
Calves .....	do.	487	675	53	50	46
<b>Stocker and feeder shipments from</b>						
public stockyards: <u>5/</u>	Thou-					
Cattle .....	sands	3,073	2,893	152	189	153
Calves .....	do.	365	578	32	48	35
<b>Imports:</b>						
Cattle <u>6/</u> .....	do.	253	507	51	9	23
Canned beef <u>7/</u> .....	Mil.lb.	8/ 36	88	1	3	3

1/ Bureau of Animal Industry. 2/ Totals of unrounded numbers.  
3/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City and St. Paul.  
4/ Average 1929-33. 5/ Approximately 62 public stockyards prior to 1936, when the number was increased to 69. 6/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption.  
7/ United States Department of Commerce. Imports for consumption.  
8/ Figures include "other canned meats" prior to 1929.

# ALL CATTLE: NUMBER ON FARMS JANUARY 1, UNITED STATES, 1920-38



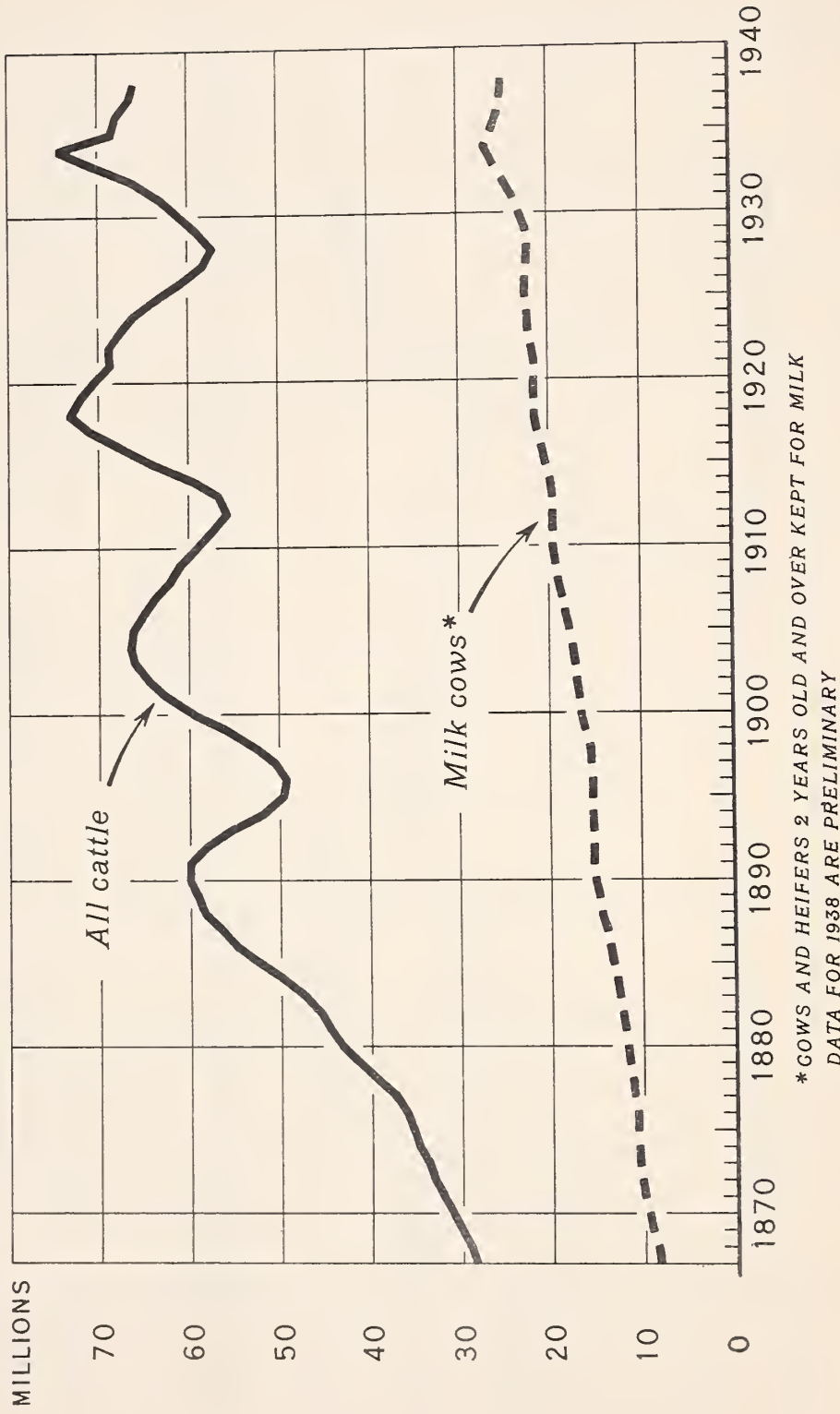
U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 1.— SINCE JANUARY 1, 1934, CATTLE NUMBERS HAVE DECREASED SHARPLY IN THE AREA WEST OF THE MISSISSIPPI RIVER, WHERE FEED RESOURCES HAVE BEEN CURTAILED BY A SUCCESSION OF DROUGHTS IN RECENT YEARS. EAST OF THE MISSISSIPPI RIVER LITTLE CHANGE HAS OCCURRED SINCE 1934 IN THE TOTAL NUMBER OF CATTLE ON FARMS.

# ALL CATTLE AND MILK COWS: NUMBER ON FARMS JANUARY 1, UNITED STATES, 1867-1938



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FIGURE 2.- SINCE 1900, THE UPWARD TREND IN CATTLE NUMBERS HAS BEEN LARGELY IN MILK COWS. MILK COWS MADE UP ABOUT 29 PERCENT OF ALL CATTLE ON FARMS IN 1867, AND ABOUT THE SAME PROPORTION IN 1900, BUT THEY AMOUNTED TO 39 PERCENT OF THE TOTAL IN 1938. THE CYCLICAL VARIATION IN CATTLE NUMBERS HAS OCCURRED ALMOST ENTIRELY IN CATTLE OTHER THAN MILK COWS, WHICH HAVE DECREASED MORE RAPIDLY THAN MILK COWS SINCE JANUARY 1, 1934.





